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C O N F I D E N T I A L SECTION 01 OF 03 BAGHDAD 002878

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SUBJECT: CHALABI DISCUSSED SUNNI INCLUSION, THE
CONSTITUTION, AND ISF WITH CODEL LEVIN

REF: BAGHDAD 2713

Classified By: Charge d' Affaires David M. Satterfield for reasons 1.4
(b) and (d)

1. (C) SUMMARY. According to Deputy Prime Minister Ahmed Chalabi, who met with Codel Levin and Charge July 7, attacks on Baghdad's infrastructure have increased. Chalabi attributes these attacks to better protection of the Kirkuk-Fadha oil pipeline, making it less vulnerable to attack. Chalabi also blames the insurgents, primarily former Ba'athists, for these attacks, noting that they have access to the security plans developed during the Saddam regime and are using this intelligence to implement the plan in reverse. Chalabi claims that the insurgents have "better intelligence than we do," pointing out that the intelligence service has no budget and that this issue has not been raised in the Government. To Chalabi, the fact that the USG entirely funds Iraqi intelligence is problematic. END SUMMARY.

2. (C) During a July 7 meeting, Deputy Prime Minister Ahmed Chalabi told Codel Levin, who was accompanied by Charge, that attacks on Baghdad's infrastructure had increased. Chalabi speculated the reason is because the oil pipeline from Kirkuk to Fadha is now more protected and less vulnerable to attack. Chalabi said that insurgents -- primarily former Ba'athists -- are responsible for these attacks, noting that they have access to the security plans developed during the Saddam regime and are using this intelligence to implement the plan in reverse. Chalabi complained that the insurgents have "better intelligence than we do," pointing out that the intelligence service has no budget and that this issue has not been raised in the Government. Instead, he asserted, the USG entirely funds Iraqi intelligence, which is causing some problems. (NOTE: Chalabi did not clarify what he meant by problems. END NOTE.)

3. (C) Chalabi told Levin that the Iraqi military is a "mixed bag," observing that the rate of improvement could be better. He said the Iraqis are unprepared to take on their own security and that it needs 45 individual battalions before Coalition Forces (CF) could be significantly drawn down. Until then, reasoned Chalabi, CF must partner with Iraqi Security Forces (ISF) and endeavor to pull out of urban areas. Chalabi said a Status of Forces Agreement (SOFA) is necessary, insisting that the TNA would agree to this. Such an agreement would make it clear that the U.S. is not an occupier, but an "invitee."

4. (C) Chalabi emphasized that equipping the Iraqi military remains a "sore point" as does the issue of utilizing generals from the former army. Chalabi insisted that the Iraqi Government should work more with these generals in an advisory -- not command -- capacity, saying that this would be politically feasible. He also suggested that providing these former officers, as well as other low-level Ba'athists, with a pension would be helpful. Chalabi estimated approximately 7,000 individuals would be eligible and that the annual cost of such a step would be USD 11 million. Regarding the disbanding of the army after liberation, Chalabi said the barracks had emptied and there was no army to speak of at that time -- many simply left their weapons and walked away. Chalabi estimated that 90 percent did not want to be there and said nothing would have brought them back.

5. (C) Chalabi pointed out that corruption in the Ministry of Defense (MOD) under the previous Government had done much to undermine the morale of the military. According to the results of an audit by the Supreme Board of Audits during the period from January 2004 to February 2005, MOD let 89 contracts worth USD 1.27 billion. Of those contracts, 43 worth USD 949 million went to one individual -- who was not named in any of them. USD 759 million was paid in cash for goods and services that have still not been received. Current Minister of Defense Dulaimey estimates corruption during that period to be in excess of USD 600 million. The good news, said Chalabi, is that many of these former MOD officials are currently under judicial review. (Comment: Chalabi regularly accents the real problems with procurement at the Defense Ministry. The Supreme Board of Audits recent review and the removal of an official suspected of improper actions are steps forward. Two officials are being

investigated carefully and may well be tried for criminal activities. Chalabi himself chairs a new committee that reviews contracts above USD 2 million. Much more remains to be done, and Coalition officials are working with the Defense Minister to improve procurement practices. End Comment.)

16. (C) Chalabi said that Sunni leaders, such as the National Dialogue's Saleh Mutlak and Abdel Nasser al-Janabi and the Iraqi Islamic Party's Tariq al-Hashemi and Ayed Samarai'e, are a subset of the right people with whom to meet on Sunni issues and suggested that everyone, including the Americans, should meet with them more. He described the Sunni community as multi-faceted and without clear leadership, saying that Saddam made it impossible for them to betray him and still maintain a power structure. As a result, the power structure collapsed with Saddam.

17. (C) Chalabi suggested a number of Sunni leaders with whom USG officials should meet, including Sheikh Razi Halish of the B'ai tribe, leaders from Makmudiyah, such as Amar Ali Lehmon of the Sheikhly tribe, and the Ulema Council's Harith al-Dhari. He described al-Dhari as a significant player -- a person who could make the system either fail or succeed -- and suggested that it is necessary to establish a relationship with him to build rapport. For increased Sunni participation, said Chalabi, several steps are necessary. First, he said, the Government must disassociate the Sunnis from the Ba'athists. Doing this would mean making the Sunni community a larger part of the Government and, in particular, the Cabinet. Secondly, insisted Chalabi, the Sunnis need to be more involved politically in the security problems in their communities.

18. (C) According to Chalabi, part of the problem has been that, previously, the Sunnis had no say in the process of vetting security forces. Without that commitment, he said, the Government failed. What the Sunnis do not need, insisted Chalabi, is to feel that outsiders are "beating them up." As part of the solution, Chalabi noted some government leaders agree on the need for reconciliation committees at the provincial level under the auspices of the Government with which to engage the locals and help maintain security in the 'flash points.' He argued that overall casualties -- including those taken by CF -- could be reduced if the 'flash points' were taken care of.

19. (C) Chalabi noted the real need to create an integrated military. It was a mistake, he said, to merge the Iraqi National Guard (ING), given its local orientation, with the army. Charge pointed out that the logic for doing so was to prevent the ING from morphing into local militias, as well as to balance out the less well-prepared army. The problem, countered Chalabi, is that now there are Sunnis in Shi'a areas and vice versa.

10. (C) Releasing some detainees, said Chalabi, hiring former generals in an advocacy capacity, and re-establishing the ING would serve to reassure the Sunni leadership to some degree. Additionally, it is important to address the problem of the roughly 35 mosques, that Saddam built and gave to the Sunnis. According to Chalabi, the Shi'a took over these mosques after liberation. Additionally, he noted that the property seizure bill had not been approved, recognizing that the Sunnis would see it as a bad idea.

11. (C) Turning to the issue of detainees, Chalabi said the approximately 13,000 currently in custody are not moving through the process quickly enough and they need either to be charged or released. Charge explained that MNF has the authority to detain individuals but not to prosecute them. Hence, it is necessary to identify a mechanism by which to transfer detainees to Iraqi custody so the judicial process can begin. Chalabi suggested that up to 80 percent of the detainees could be released and said a mechanism needs to be developed to talk to detainees to determine whether they are releasable. (Comment: Chalabi clearly lacks even minimal familiarity with detainee issues, especially the Combined Review and Release board, which has Coalition representation, but is mostly Iraqi. We will brief him. End Comment).

12. (C) There is little chance, said Chalabi, that consensus on a constitution covering all the issues will be reached. He suggested that a partial constitution is likely, but said issues such as Kirkuk, federalism, and the allocation of resources will not be resolved. However, he opined, success is a function of U.S. pressure. Nonetheless, he cautioned against haste, saying it would not help the process and emphasizing the need to adhere to the TAL. Chalabi also advised utilizing the six-month delay provided in the TAL rather than risk having the constitution rejected. Sunni participation, he said, is critical to this, but pointed out that there are no assurances that the Sunnis on the Constitution Committee can guarantee the Sunni vote. Key players, he said, such as Nasir Chaderchi and Adnan Pachachi represent an Iraqi political tradition and their participation is necessary -- but they were not selected to be part of the Committee. (Comment: Given their miserable

vote counts in January 2005, it is not clear that Chaderchi or Pachachi can guarantee much of a Sunni vote either. End Comment.)

13. (C) The discussion turned to the insurgency and Chalabi insisted that it is primarily comprised of Ba'athists who want to reclaim power. "Our failure," he said, "has been to not separate the Ba'athists from the Sunnis." Chalabi alleged that the insurgency's funding is coming from Jordan and Syria, and that it still has access to the USD 920 million and EU 90 million that Hussein withdrew from the Central Bank just prior to the fall of his regime. Chalabi also told Levin that King Abudullah of Jordan should freeze the accounts of those helping the insurgency, adding that he (the King) knows who they are. (Comment: We cannot confirm the accuracy of this particular batch of Chalabi accusations. End Comment.)

14. (U) REO HILLA, REO BASRA, REO MOSUL, and REO KIRKUK, Minimize considered.

Satterfield